

Mr. Wayne Hedberg – Permit Supervisor
State of Utah
Division of Oil, Gas, and Mining
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84114-5801

Feb. 1, 2002

RE: Unauthorized Use, Dialogue – Bonneville Quarries/USITLA

Dear Wayne,

Please find enclosed, copies of my communication with USITLA regarding the possible future use of the staging area in the NE ¼ Sec. 32 T. 13 N, R. 17 W (Grouse Creek Area). Portions of their policies relating to this issue make it impossible to incorporate the subject “staging site” into my amended Plan for the Grouse Creek L.M.O. I have advised them of my desire to withdraw consideration of the site at this time. I am afraid that even were they willing to tender an offer, it would likely be way out of line, too high for my consideration.

Review of these letters should give you a more complete understanding of this issue and the affects it may have on any revision to the Grouse Creek L.M.O. as presently constituted. Should you have any questions, please let me know.

Sincerely,



William L Bown
President

RECEIVED

FEB 06 2002

DIVISION OF
OIL, GAS AND MINING

Bonneville Quarries, Inc.

Mr. Kurt M. Higgins – Realty Specialist
State of Utah
School and Institutional Trust Lands Administration
675 East 500 South, Suite 500
Salt Lake City, Utah 84102-2818

Nov. 5, 2001

Dear Kurt,

It was good to visit with you and John the other day at Grouse Creek. I am glad that I was in the vicinity and able to talk with you briefly in person. I would also like to thank you for your kindness and willingness to permit me to submit this letter of explanation as to my use and intended use of the subject portion of State Land.

We have occupied the parcel for five weeks, but will be completely vacated by the 14th of this month. As you know our activities at the site were related to our building stone operation in the adjacent Kimbell Creek area. These activities included the storage of palletized stone, the storage, grade processing, and palletizing of loose "bulk" stone, and subsequent weighing and shipping of the stone. Some stone was shipped via commercial carriers from the site directly to the customer, while the majority was and will be moved to our yard in Park Valley. Certain packaging supplies were stored at the site such as pallets, welded wire, metal banding, and nails. We also had a forklift there, and stored our excavator at the site for 3 days before moving it to another area of operation.

There were 8 men working at the site on a daily basis. They did not camp or "live" on site, but left at the end of each working day. Any future use of this parcel would be identical to that described above. The time of use would be intermittent from late May to mid to late October of each year.

Bonneville Quarries, Inc.

I hope that the details of this explanation are sufficient. Please let me know if additional information is needed. Once again, let me thank you for this opportunity. I look forward to hearing from you soon.

Sincerely,

William L Bown



State of Utah

School and Institutional
TRUST LANDS ADMINISTRATION

Michael O. Leavitt
Governor

Stephen G. Boyden
Director

675 East 500 South, Suite 500
Salt Lake City, Utah 84102-2818
801-538-5100
801-355-0922 (Fax)
<http://www.trustlands.com>

January 28, 2002

Sent by certified mail no. 7000 1530 0002 1506, and by regular mail.
5155

Mr. William L. Bown
Bonneville Quarries, Inc.
842 West 400 North
Bountiful, Utah 84087

RE: Grouse Creek Area Building Stone Staging Area

Township 13 North, Range 17 West, SLB&M Box Elder County
Section 32: Within the NE4, a site approximately 1.2 acres in size.

Dear Mr. Bown:

I am writing this letter in response to your telephone conversation with Kurt Higgins and me a few days ago. The purpose of this letter is to inform you of the amount the School and Institutional Trust Lands Administration is charging for the past unpaid and unauthorized use of the property, and give you some basic information and an application form for applying for a lease for the staging site.

1) Charges for past unauthorized use, including trespass charges. The amount that I will recommend be charged for past unauthorized use is \$1,800.00, which is due by February 15, 2002. I will recommend that any additional administrative charges be waived if this amount is paid timely. The amount of \$1,800.00 must be paid before we will consider issuing a new lease for the site. Please send this amount to my attention.

2) Proposed 10 year lease for the site. Kurt Higgins and I have discussed the site, and have concluded that we would be willing to recommend a ten year lease for the site, with the option that either party be allowed to cancel the lease with one years written notice. I have enclosed a lease application form to be completed and returned with any supporting materials. This is to be returned to Kurt Higgins. He will be the administrator of a future lease.

Let me know if you have further questions. Thank you.

Sincerely,

Gary D. Bagley
Realty Specialist

Mr. Gary Bagley
State of Utah
School and Institutional
Trust Lands Administration
675 East 500 South, Suite 500
Salt Lake City, Utah 84102-2818

Feb. 1, 2002

RE: Grouse Creek Area Building Stone Staging Area

Township 13 North, Range 17 West, SLB&M Box Elder County
Section 32: Within the NE $\frac{1}{4}$, a site approximately 1.0 acre in size.

Dear Mr. Bagley:

Thank you for responding to my inquiry into the possible rental of the staging site as described above. I was somewhat dumbfounded by the amount I am being charged for my past unauthorized use. I must tell you that it will be quite impossible for me to meet the demand for payment in full by the 15th day of February. Mid February is historically the slowest time for the sale of any building materials, including one as specialized as our stone. Combine this with what has been the worst winter in recent memory in terms of snow and cold, and the prognosis for cash flow is bleak. Please consider extending this deadline to a more feasible date. It is doubtful we will be in a position to clear this up at any point prior to commencement of quarry operations this May.

Incident to my unauthorized use of the subject site I have been issued a Notice of Non-compliance from the State Division of Oil, Gas, and Mining. The only way I can absolve this status is to revise my approved Plan of Operation to include any intentioned additional uses. Lease of the subject site would be one such revision. I must submit these amendments in a timely manner or risk losing the opportunity to operate in this area. My ability to enter into any lease would be contingent on the cost. Because Trust Lands will not consider a lease of the subject site, and thus tender an offer until payment for past unauthorized use is made, I have no choice but to abandon my planned use of the subject site at this time. Please consider my interest withdrawn.

Please be advised that this particular parcel has had significant improvements including a graveled road, and the installation of a culvert on the adjacent stream. These improvements were in no way devised, planned, or carried out by me, or anyone having anything to do with me or my interests. The subject site is also used frequently by campers during several game hunting seasons throughout the year. In addition, it is utilized as a staging area for cattle each spring and fall. These activities have rendered the general present condition of the site. My activities had little additional impact.

I will work with the DOGM to restore those portions of disturbance with on the site for which I am directly responsible. Thank you for your consideration in this matter.

Sincerely,

William L Bown
President